**Consumers Illinois Water Company** 

03-0403

General increase in water rates for

the Kankakee Water Division.

## ADMINISTRATIVE LAW JUDGE'S RULING

Submitted By: Jack Schreyer, Manager of Rates (610) 645-4237

## 285,4020 Schedule D-2: Cost of Short-term Debt

The following work papers and documents in support of Schedule D-2 are required:

- 1) Formulae used to set interest rates on variable and adjustable rate issues:
- 2) Portions of documents describing the manner by which interest rates on variable and adjustable rate debt issues are set (e.g., loan agreements);
- 3) Documents supporting all interest rates;
- 4) A description of company policy regarding short-term financing, including its uses, sources (e.g., commercial paper, bank loans, and lines of credit) and limitations (i.e., amount relative to total capital); and
- 5) Formulae and rates of return the company uses to calculate AFUDC rates. Sections 285.4020(e)(1)-(5)

The Company shall provide the documents and work papers to satisfy these requirements.

Answer: Please see revised Schedule D-2 page 1 of 5 and supporting interest rate - related documents attached.

## **CONSUMERS ILLINOIS WATER COMPANY**

Kankakee Water Division
Rate Case Docket No. 03-0187

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Proposed Test Year Period: Future Period Reported: Average 2004 Schedule

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Person Responsible:

J. Schreyer

Revised

## **Cost of Short-term Debt**

<u>Line</u>	Lender Bank (Line of Credit) ( <u>(A)</u>	Workpaper Reference <u>(B)</u>	Ave. Orig. Term to Maturity <u>(C)</u>	Future Test Year 12 Mo. Wtd. Ave. Amount Outstanding (D)	Ave. Interest Rate (E)	Interest Requirement <u>(F)</u>	
1 2	National City	WP-D2, page 1	10 months	\$ 1,764,583	3.00% (1)	\$ 52,938	
3 4	Mellon Bank	WP-D2, page 1		-		-	
5 6 7	CoBank	WP-D2, page 1		<del></del>			
8		Tatal Chart tana Dahi	. Outatam din au	¢ 4 704 500	Annualized Interest:	\$ 52,938	
9		Total Short-term Debt Less: Unamortized Is:	•	\$ 1,764,583 15,134	Add: STD Issuance Amort.:	3,864	
10 11		Carrying Value - Ave.	•	\$ 1,749,449	Annualized Interest & Iss.:	\$ 56,802	
12		Outrying value 71ve.	rataro roat roat.	Ψ 1,1 10,110	7 11110011200 111101 001 00 10011	* **,**-	
13							
14							
15				Cost of Short-	-Term Debt:	<u>3.25%</u>	
16							
17							
18					10.05% LIDOD	. OF beele weight = 0.00	0/ 41
19				360 days); Company	y has assumed 2.35% LIBOR plus	s oo basis points = 3.00	% throughout
20 21	2004 test year. Interest	t rate - related document	is are attached.				
22	The Company utilizes	proceeds from lander ha	nk credit lines to sun	nort in part operating	activities and capital expenditu	res.	
23					rogress varies as a percentage t		<b>3.</b>
				•			

The Company uses the formula found in 83 Illinois Administrative Code, CH. I, Sec. 605.120 Accounting Instruction 19, b) 1),

where Ai = s(S/W) + d(D/(D+P+C)(1-S/W) for purposes of calculating AFUDC rates.

Proposed Test Year Period: Future Period Reported: 2002 - 2004 Prior Year (2002) 12 Mo. Actual

## Monthly Balances for Short-term Debt

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Workpaper Page Person Responsible:

Line	Year / Bank <u>(A)</u>	Beginning Balance (B)	January (C)	February [D]	March (E)	April	May (G)	June (H)	July (I)	August	September (K)	October (L)	November (M)	December V	Future Test Yr. 12 Month Weighted Ave.
− N W 4	Actual 2002 National City Mellon Bank CoBank	\$5,250,000 0	\$5,250,000 \$6,250,000 \$5,250,000 0 0 0 0 0	\$5,250,000 0	\$5,250,000 0	\$5,250,000 0 <u>0</u>	\$4,250,000 0 0	\$5,250,000 \$5,250,000 \$4,250,000 \$6,255,000 \$6,255,000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		\$6,755,000 0 1,500,000	\$6,755,000 0 1,500,000	\$6,255,000 0 1,500,000	\$8,255,000 \$10,005,000 0 0 1,500,000 1,500,000	10,005,000 0 1,500,000	\$6,310,385 0 <u>576,923</u>
w ≺ w nz	Total	al \$5,250,000	\$6,250,000	\$5,250,000	\$5,250,000	\$5,250,000	\$4,250,000	\$6,255,000	\$6,255,000	\$8,255,000	\$8,255,000	\$7,755,000	\$9,755,000 \$11,505,000	11,505,000	\$6,887,308
e 5 t 5 t 5	Projected 2003 National City Mellon Bank CoBank	\$10,005,000 0 1,500,000	\$10,807,746 0 1,500,000	\$10,005,000 \$10,807,746 \$12,000,000 \$12,00	\$12,000,000 \$ 0 2,669,839	\$12,000,000 \$ 0 3,158,323	\$12,000,000 { 0 4,007,058	\$12,000,000 \$ 0 5,663,516	\$12,000,000 \$ 0 6,750,245	512,000,000 { 0 6,728,812	\$12,000,000 { 0 7,801,455	\$12,000,000 { 0 7,729,205	\$12,000,000 0 7,583,032	\$250,000 0 0	\$10,850,980 0 4,372,049
± £ £ £ &	Total		\$11,505,000 \$12,307,746 \$13,745,157	\$13,745,157 {	\$14,669,839 \$	\$15,158,323	\$16,007,058	\$14,669,839 \$15,158,323 \$16,007,058 \$17,663,516 \$18,750,245 \$18,728,812 \$19,801,455 \$19,729,205 \$19,583,032	\$18,750,245 {	318,728,812	\$19,801,455	\$19,729,205	\$19,583,032	\$250,000	\$15,223,030
\$ 52 52 53 \$ \$ \$ 52 53 53	Projected 2004 National City Mellon Bank CoBank	\$250,000 0 0	\$250,000	\$250,000 0 <u>0</u>	\$250,000 0 0	\$750,000 0 <u>0</u>	\$1,150,000 0 <u>0</u>	\$750,000 \$1,150,000 \$2,100,000 \$2,350,000 \$2,600,000 \$2,850,000 \$3,350,000 \$3,600,000 $0$ 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$2,350,000 0 0	\$2,600,000 0 <u>0</u>	\$2,850,000 0 0	\$3,350,000 0 <u>0</u>	0 0 0 0 0 0	\$3,100,000 0 <u>0</u>	\$1,757,692 0 <u>0</u>
2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Total	al \$250,000	\$250,000	\$250,000	\$250,000	\$750,000	\$1,150,000		\$2,100,000 \$2,350,000	\$2,600,000	\$2,850,000	\$3,350,000	\$3,600,000	\$3,100,000	\$1,757,692
29 30 32 32	Projected Ave. Future Test Yr 12 Months of Ave. Monthly Bal           National City         \$250,000         \$250,000           Mellon Bank         0         0           CoBank         0         0	lest Yr 12 Mc	\$250,000 0	. Monthly Bal \$250,000 0	ances:   \$250,000   0	\$500,000 0 0	000'036\$	\$1,625,000 0 0	$  \$1,625,000  \ \$2,225,000  \ \$2,475,000  \ \$2,725,000  \ \$3,100,000  \ \$3,475,000                                  $	\$2,475,000 0	\$2,725,000 0 0	\$3,100,000 0 0	\$3,475,000 0	\$3,350,000 0 0	1,764,583 0 <u>0</u>
8 8	Total	al	\$250,000	\$250,000	\$250,000	\$500,000	\$950,000	\$1,625,000	\$2,225,000	\$2,475,000	\$2,475,000 \$2,725,000	\$3,100,000	\$3,100,000 \$3,475,000	\$3,350,000	\$1.764.583

Proposed Test Year Period: Future Period Reported: 2002 - 2004 Prior Year (2002) 12 Mo. Actual

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# Monthly Balances for Construction-work-in-progress - Total

ယ	N	-	<u>Li</u>
Projected 2004	Projected 2003	Actual 2002	Үеаг ( <u>А</u> )
2,100,000	2,116,691	\$1,608,065	Beginning Balance ( <u>B)</u>
2,100,000	2,100,000	\$1,984,574	January (C)
2,100,000	2,100,000	\$2,363,564	February (D)
2,100,000	2,100,000	\$2,926,967	March (E)
2,100,000	2,100,000	\$4,441,209	April (F)
2,100,000	2,100,000	\$2,597,938	May (G)
2,100,000	2,100,000	\$3,610,547	(H)
2,100,000	2,100,000	\$5,084,415	ŢΩ V <sup>†</sup> UĻ
2,100,000	2,100,000	\$5,836,941	August ( <u>J)</u>
2,100,000	2,100,000	\$4,932,795 \$4,030,028 \$4,828,771	September (K)
2,100,000	2,100,000	\$4,030,028	October
2,100,000	2,100,000	\$4,828,771	November (M)
2,100,000	2,100,000	\$2,116,691	December (N)

Proposed Test Year Period: Future Period Reported: 2002 - 2004 Prior Year (2002) 12 Mo. Actual

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# Monthly Balances for Construction-work-in-progress Accruing on AFUDC

ω	N	<u> </u>	
Projected 2004	Projected 2003	Actual 2002	Year ( <u>A)</u>
2,100,000	2,116,691	\$1,608,065	Beginning Balance ( <u>B)</u>
2,100,000	2,100,000	\$1,984,574	January (C)
2,100,000	2,100,000	\$2,363,564	February (D)
2,100,000	2,100,000	\$2,926,967	March (E)
2,100,000	2,100,000	\$4,441,209	D &
2,100,000	2,100,000	\$2,597,938	May (G)
2,100,000	2,100,000	\$3,610,547	(H) enut
2,100,000	2,100,000	\$5,084,415	∰ (∐)
2,100,000	2,100,000	\$5,836,941	August <u>(J)</u>
2,100,000	2,100,000	\$4,932,795	September (K)
2,100,000	2,100,000	\$4,030,028	October
2,100,000	2,100,000 2,100,000	\$4,828,771	November (M)
2,100,000	2,100,000	\$2,116,691	December (N)

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> Proposed Test Year Period: Future Period Reported: 2002 - 2004 Prior Year (2002) 12 Mo. Actual

## **Net Amount Outstanding**

December (N)	O <del>\$</del>	<b>0</b> \$	9
November Do (M)	9	\$	O\$
October No	<b>0</b> \$	<b>0\$</b>	<b>0\$</b>
September C	<b>0</b> \$	<b>9</b>	\$
August Se (J)	<b>0</b> \$	\$	<b>9</b>
A CI	0\$	0 <b>%</b>	0\$
June (H)	9	\$	<b>0</b> \$
Мау ( <u>G</u> )	<b>Q</b>	<b>9</b>	0\$
April (E)	9	<b>0</b>	\$0
March /	<b>0</b> \$	<b>9</b>	0\$
	<b>9</b>	<b>0</b>	Og.
nuary Fet C) f	O9	<b>\$</b>	O <b>9</b>
Beginning Balance January February (B) (C) (D)	9	<b>9</b>	<b>9</b>
Begii Balt L			
Үеаг <u>(А)</u>	Actual 2002	Projected 2003	Projected 2004
Line	-	8	ო